# 2001 DRAFTING REQUEST

## Senate Amendment (SA-SB55)

Received: **05/25/2001**

Received By: **kenneda**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 266-5347**

By/Representing: **Jakel (CM)**

This file may be shown to any legislator: **NO**

Drafter: **kenneda**

May Contact:

Addl. Drafters:

Subject: **Health - miscellaneous**

Extra Copies: **ISR**

Submit via email: **NO**

Requester's email:

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**Pre Topic:**

LFB:.....Jakel (CM) -

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**Topic:**

Disease aids--patient liability for costs

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**Instructions:**

See Attached

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**Drafting History:**

| Vers. | Drafted | Reviewed | Typed | Proofed | Submitted | Jacketed | Required |
|---|---|---|---|---|---|---|---|
| /? | kenneda<br>05/26/2001<br>kenneda<br>05/29/2001 | csicilia<br>05/29/2001<br>csicilia<br>05/29/2001 | | _____<br>_____<br>_____<br>_____ | | | |
| /1 | | | rschluet<br>05/30/2001 | _____<br>_____ | lrb_docadmin<br>05/30/2001 | | |

**LRBb0385**

| Vers. | Drafted | Reviewed | Typed | Proofed | Submitted | Jacketed | Required |
|---|---|---|---|---|---|---|---|
| /2 | kenneda<br>06/01/2001 | wjackson<br>06/01/2001 | pgreensl<br>06/01/2001 | _____<br>_____ | lrb_docadmin<br>06/01/2001 | | |
| /3 | kenneda<br>06/02/2001 | wjackson<br>06/03/2001 | jfrantze<br>06/03/2001 | _____<br>_____ | lrb_docadmin<br>06/03/2001 | | |

FE Sent For:

**<END>**

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**Topic:**

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**Instructions:**

See Attached

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| /? | kenneda<br>05/26/2001<br>kenneda<br>05/29/2001 | csicilia<br>05/29/2001<br>csicilia<br>05/29/2001 | | | | | |
| /1 | | | rschluet<br>05/30/2001 | | lrb_docadmin<br>05/30/2001 | | |
| /2 | kenneda<br>06/01/2001 | wjackson<br>06/01/2001 | pgreensl<br>06/01/2001 | | lrb_docadmin<br>06/01/2001 | | |

FE Sent For: 1/3 WLJ 6/3 1/3 cmh 6/3 <END>

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**Pre Topic:**

LFB:.....Jakel (CM) -

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**Topic:**

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**Instructions:**

See Attached

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|---|---|---|---|---|---|---|---|
| /? | kenneda<br>05/26/2001 | csicilia<br>05/29/2001 | | | | | |
| | kenneda<br>05/29/2001 | csicilia<br>05/29/2001 | 6/1 | 6/1 | | | |
| /1 | | /2 wlj 6/1 | ps<br>rschluet<br>05/30/2001 | patch<br>_____<br>_____ | lrb_docadmin<br>05/30/2001 | | |

FE Sent For:

<END>

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**Pre Topic:**

LFB:.....Jakel (CM) -

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**Topic:**

Disease aids--patient liability for costs

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**Instructions:**

See Attached

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**Drafting History:**

| Vers. | Drafted | Reviewed | Typed | Proofed | Submitted | Jacketed | Required |
|---|---|---|---|---|---|---|---|
| /? | kenneda | 1 ijs 5/28 01 | 5-29-1 | 5-30 5-30-1 | | | |

FE Sent For:

**<END>**

**Legislative Fiscal Bureau**
One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 24, 2001 Joint Committee on Finance Paper #496

# Disease Aids -- Patient Liability for Costs (DHFS -- Health)

[LFB 2001-03 Budget Summary: Page 377, #13]

## CURRENT LAW

The Wisconsin chronic disease program (WCDP) reimburses providers for medical services provided to eligible individuals with kidney disease, cystic fibrosis and hemophilia. The WCDP is the payer of last resort so that, before billing the WCDP, providers are required to seek payment for services from Medicare, medical assistance (MA) and other health plans if the individual is eligible for coverage under these plans. DHFS promulgates rules that require eligible persons whose income exceeds specified limits to obligate or expend a portion of their income toward the cost of medical treatment. DHFS is required to develop and implement a sliding scale of patient liability for medical expenses based on the patient's ability to pay. DHFS is required to review and, if necessary, revise the sliding scale every three years, to ensure that patients with lower incomes receive priority within the availability of funds. Base funding for the program is $4,932,000 GPR.

To be eligible for the WDCP, an individual must be a state resident and be diagnosed as having end-stage renal disease, hemophilia or adult cystic fibrosis. Recipients are required to pay a portion of the medical expenses, referred to as "coinsurance." The coinsurance amounts are equal to a percent of the charges for medical services, and this percentage varies based on family size and income, as shown in the attachment to this paper. In addition, individuals who have end-stage renal disease and are eligible for Medicare must participate in Medicare B (physician and outpatient services). The total out of pocket liability for deductibles and coinsurance is limited to a percent of the individual's income as determined by DHFS, by rule. The following table provides a summary of the current limits.

## Wisconsin Chronic Disease Program
## Limit on Coinsurance and Deductibles

| Annual Income | Limit as a Percent of Income |
|---|---|
| Up to $10,000 | 3% |
| $10,001 to $20,000 | 4 |
| $20,001 to $40,000 | 5 |
| $40,001 to 60,000 | 6 |
| $60,001 to $80,000 | 7 |
| $80,001 to $100,000 | 9 |
| $100,001 and Greater | 10 |

Individuals in families with income above 300% of the federal poverty level (FPL) are also required to pay the following annual income deductibles, in addition to the out-of-pocket amounts identified above: (a) 1.25% of income for families with income between 300% to 325% of the FPL; (b) 1.5% of income for families with income between 326% and 350% of the FPL; and (c) 2.25% of income for families with income between 351% and 375% of the FPL; (d) 3% of income for families with income between 376% and 400% of the FPL; and (e) 4% of income for families with income greater than 400% of the FPL.

The following services are eligible for reimbursement under the program.

*Chronic Renal Disease*

- Inpatient and outpatient dialysis and transplant treatment;
- One pre-transplant dental examination, diagnosis and x-ray;
- Kidney donor transplant-related medical services;
- Certain prescription medications;
- Certain home supplies; and
- Certain laboratory and x-ray services.

*Adult Cystic Fibrosis*

- Inpatient and outpatient services directly related to the disease;
- Certain physician services;
- Certain laboratory and x-ray services;
- Certain prescription medications; and
- Certain home supplies.
-

*Hemophilia Home Care*

- Hemophilia home care recipients are only eligible to receive services for blood

derivatives and supplies necessary for home care.

A total of 6,310 people were eligible for services under the disease aid program in 1999-00, including 6,004 persons with chronic renal disease, 176 persons with hemophilia and 130 persons with cystic fibrosis

## GOVERNOR

Authorize DHFS to revise the sliding scale to determine patient liability for costs as frequently as necessary to ensure that the needs for treatment of patients with lower incomes receive priority within the amounts budgeted.

## DISCUSSION POINTS

1. In its 2001-03 budget submission, DHFS requested $278,800 GPR in 2001-02 and $692,500 GPR in 2002-03 to fund projected program costs in the 2001-03 biennium. Instead of providing additional funding for the program, the Governor's bill would require DHFS to revise the sliding scale for determining patient liability for costs as frequently as necessary to ensure that the needs for treatment of patients with lower incomes receive priority within the amounts budgeted. Under these provisions, DHFS would have to increase patients' coinsurance amounts so that the increased costs of the program ($971,300 in the biennium) would be borne by persons enrolled in the program.

2. DHFS was first required to develop a sliding scale for determining patient liability for program costs under 1983 Wisconsin Act 27 as a means to control program costs. 1993 Act 16 required DHFS to develop and promulgate emergency rules to revise the fee scale, and required the Department to review, and if necessary, revise the sliding scale every three years, thereafter. As a result, a new schedule was developed, effective January 1, 1994. DHFS has not since revised the scale.

3. Although the bill would allow DHFS to revise the schedule whenever necessary to ensure that patients with low incomes receive priority, most persons enrolled in the program have low incomes. In 2000, 86% of recipients of chronic renal disease aids, 70% of hemophilia aid recipients and 49% of recipients of aids for adult cystic fibrosis had family incomes of less than $25,000.

4. DHFS has identified other measures that could be adopted to reduce the need to provide additional GPR funding for the program, including: (1) reducing rates paid to pharmacies for most drugs purchased under the program, from the current rate (the average wholesale price minus 10% plus a dispensing fee) to the average wholesale price minus 15% plus a dispensing fee, the same rate reduction the Governor proposed for drugs purchased under the MA program; and (2) requiring drug manufacturers to enter into rebate agreements with the state to generate revenues that would be available to offset a portion of the program's costs, as a condition of having their drugs

available for purchase under the program.

5. Drug costs under the WCDP are projected to be $3,207,000 in 2001-02 and $3,527,700 in 2002-03. If the payment rate for drugs were reduced to the average wholesale price less 15%, projected program costs would be reduced by an estimated $160,300 in 2001-02 and $176,400 in 2002-03, or $336,700 over the biennium.

6. Both the MA program and the AIDS drug reimbursement program require manufacturers to enter into rebate agreements as a condition of having their drugs covered under these programs. Revenue from the rebates is used to partially offset program costs. MA drug costs are offset by approximately 18% because of the availability of rebate revenue. DHFS staff indicate that the earliest a rebate program could be implemented for the disease aids program would be January, 2002. It is estimated that, if manufacturers were required to enter into rebate agreements as a condition of participating in the program, the state would receive rebate revenues totaling $288,600 in 2001-02 and $635,000 in 2002-03, or $923,600 in the biennium

7. If the proposed measures to reduce costs under the program were adopted, DHFS would not likely need to modify patient liability amounts, as authorized under the bill. However, the Committee may want to approve the Governor's recommendation, in addition to implementing measures to reduce program costs, so that if program expenditures exceed the expected levels, DHFS would have sufficient authority to modify eligibility to ensure that patients with lower incomes receive priority within the budgeted amounts.

## ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to authorize DHFS to revise the sliding scale DHFS uses to determine patient liability for costs under the disease aids program as frequently as necessary to determine that the needs for treatment of patients with lower incomes receive priority within the amounts budgeted for the program.

2. Adopt the Governor's recommended statutory change. In addition, reduce funding by $170,100 GPR in 2001-02 and $118,900 GPR in 2002-03 to reflect projected cost savings by adopting both of the following measures: (a) authorizing DHFS to reimburse drug providers, under the disease aid program, at the average wholesale price less 15% plus a dispensing fee; and (b) requiring DHFS to implement a drug rebate program, based on the terms of the MA rebate agreement.

| **Alternative 2** | **GPR** |
|---|---|
| **2001-03 REVENUE** (Change to Bill) | - $289,000 |

3. Adopt the Governor's proposed statutory change. In addition, authorize DHFS to reimburse pharmacies under the disease aid program at a rate equal to the average wholesale price,

less 15%, plus the current MA dispensing fee. Estimated savings of $336,700 over the biennium would be used to partially offset projected program cost increases.

4. Require DHFS to implement a drug rebate program for the WCDP. Specify that only drugs manufactured by firms that enter into rebate agreements with the state that are based on the MA rebate agreement may be covered under the program. Estimated savings of $923,600 over the biennium would be used to partially offset projected program cost increases.

5. Delete the Governor's recommendations. Instead, provide $278,800 GPR in 2001-02 and $692,500 GPR in 2002-03 to fund projected costs of the program in the 2001-03 biennium.

| **Alternative 5** | **GPR** |
|---|---|
| **2001-03 FUNDING** (Change to Bill) | $971,300 |

Prepared by: Carri Jakel

b0385

Representative Albers

# HEALTH AND FAMILY SERVICES -- HEALTH

## Disease Aids -- Patient Liability for Costs

[LFB Paper #496]

Motion:

Move to modify Alternative 4 in LFB Paper #496 to specify that the required rebate payments would be calculated based on the terms of the federal MA rebate provisions except that if the change in the average manufacturer price (AMP) for a drug exceeds the AMP of the drug as of December 31, 2000 or the first calendar quarter after the day on which the drug was first available, adjusted for inflation, the rebate amount would be increased by the amount of the difference.

49.68, 49.683, 49.685, 49.687 20.435(4)(e)

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Note:

Under current federal MA law, the amount of manufacturer rebate revenue available to states for drug purchased under MA is equal to the greater of the difference between the AMP and the best price or 15.1% of the AMP for the rebate period.

Additionally, under federal law, the amount of the rebate for a drug would be increased if the change in the AMP for a drug exceeds the AMP of that drug as of December 31, 1990. For drugs introduced after October 1, 1990, the additional rebate would be available if the AMP exceeds the change in the AMP when the drug was first introduced adjusted for inflation.

Under this motion, the additional rebate revenue would not be available under the disea aids program if the AMP increased above the rate of inflation prior to December 31, 2000.

MO# Alb/Gard

| | | |
|---|---|---|
| Burke | Y | N |
| Decker | Y | N |
| Moore | Y | N |
| Shibilski | Y | N |
| Plache | Y | N |
| Wirch | Y | N |
| Darling | Y | N |
| Welch | Y | N |
| Gard | Y | N |
| Kaufert | Y | N |
| Albers | Y | N |
| Duff | Y | N |
| Ward | Y | N |
| Huebsch | Y | N |
| Huber | Y | N |
| Coggs | Y | N |

Motion #911

SOON - Dn edit 5/26

# State of Wisconsin
**2001 – 2002 LEGISLATURE**

D-NOTE

LRBb0385
DAK:.....

cjs

LFB:.....Jakel (CM) – Disease aids—patient liability for costs

FOR 2001–03 BUDGET — NOT READY FOR INTRODUCTION

## LFB AMENDMENT

## TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

At the locations indicated, amend the bill as follows:

**1.** Page 537, line 19: after that line insert:

"**SECTION 712c.** 20.435 (4) (je) of the statutes is created to read:

20.435 **(4)** (je) *Disease aids; drug manufacturer rebates.* All moneys received from rebate payments by manufacturers under s. 49.687 (3), to be used to assist victims of disease, as provided in ss. 49.68, 49.683, and 49.685.".

**2.** Page 842, line 6: after that line insert:

"**SECTION 1837p.** 49.68 (3) (b) of the statutes is amended to read:

49.68 **(3)** (b) ~~The~~ From the appropriation accounts under ss. 20.435 (4) (e) and (je), the state shall pay the cost of medical treatment required as a direct result of chronic renal disease of certified patients from the date of certification, including the

cost of administering recombinant human erythropoietin to appropriate patients, whether the treatment is rendered in an approved facility in the state or in a dialysis or transplantation center which is approved as such by a contiguous state, subject to the conditions specified under par. (d). Approved facilities may include a hospital in–center dialysis unit or a nonhospital dialysis center which is closely affiliated with a home dialysis program supervised by an approved facility. Aid shall also be provided for all reasonable expenses incurred by a potential living–related donor, including evaluation, hospitalization, surgical costs and postoperative follow–up to the extent that these costs are not reimbursable under the federal medicare program or other insurance. In addition, all expenses incurred in the procurement, transportation and preservation of cadaveric donor kidneys shall be covered to the extent that these costs are not otherwise reimbursable. All donor–related costs are chargeable to the recipient and reimbursable under this subsection.

**History:** 1973 c. 308; 1975 c. 39; 1977 c. 29; 1981 c. 314; 1983 a. 27; 1985 a. 332 s. 251 (1); 1989 a. 311; 1991 a. 316; 1993 a. 16, 449, 491; 1995 a. 27 ss. 3035 to 3044; Stats. 1995 s. 49.68.

**SECTION 1837q.** 49.683 (2) of the statutes is amended to read:

49.683 **(2)** Approved costs for medical care under sub. (1) shall be paid from the appropriation accounts under s. 20.435 (4) (e) and (je).

**History:** 1973 c. 300; Stats. 1973 s. 146.35; 1973 c. 336 s. 55; Stats. 1973 s. 146.36; 1975 c. 39; 1979 c. 34 s. 2102 (43) (a); 1983 a. 27 s. 1562; Stats. 1983 s. 49.483; 1993 a. 16, 449; 1995 a. 27 ss. 3045, 3046, 3047; Stats. 1995 s. 49.683; 1997 a. 27; 1999 a. 9.

**SECTION 1837r.** 49.685 (2) of the statutes is amended to read:

49.685 **(2)** ASSISTANCE PROGRAM. ~~The~~ From the appropriation accounts under s. 20.435 (4) (e) and (je), the department shall establish a program of financial assistance to persons suffering from hemophilia and other related congenital bleeding disorders. The program shall assist such persons to purchase the blood

derivatives and supplies necessary for home care. The program shall be administered through the comprehensive hemophilia treatment centers.

History: 1977 c. 213; 1979 c. 32; 1983 a. 27; 1983 a. 189 s. 329 (10); 1983 a. 544 s. 47 (1); 1985 a. 29 s. 3202 (23), (46); 1987 a. 27; 1987 a. 312 s. 17; 1993 a. 16, 449; 1995 a. 27 ss. 3048 to 3060; Stats. 1995 s. 49.685.

**SECTION 1837s.** 49.687 (title) of the statutes is amended to read:

**49.687** (title) **Disease aids; patient ~~financial and liability~~ requirements; rebate agreements.**".

History: 1983 a. 27; 1989 a. 56; 1991 a. 39; 1993 a. 16, 449; 1995 a. 27 ss. 3063 to 3067; Stats. 1995 s. 49.687; 1997 a. 27; 1999 a. 9.

**3.** Page 842, line 12: after "(e)" insert "and (je)".

**4.** Page 842, line 15: after that line insert:

"**SECTION 1838c.** 49.687 (3) of the statutes is created to read:

49.687 **(3)** The department or an entity with which the department contracts shall provide to a drug manufacturer that sells drugs for prescribed use in this state ~~material~~ documents designed for use by the manufacturer in entering into a rebate agreement with the department or entity that is modeled on the rebate agreement specified under 42 USC 1396r–8. A rebate agreement under this subsection shall include all of the following as requirements: The department or entity may enter into a

(a) That, as a condition of coverage for prescription drugs of a manufacturer under s. 49.68, 49.683, or 49.685, the manufacturer shall make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by persons who meet eligibility criteria under s. 49.68, 49.683, or 49.685, to the state treasurer to be credited to the appropriation under s. 20.435 (4) (je), each calendar quarter or according to a schedule established by the department.

(b) That the amount of the rebate payment shall be determined by a method specified in 42 USC 1396r–8 (c), except that, if ~~the change in~~ the average manufacturer price for a prescription drug exceeds the average manufacturer price

of the drug as of December 31, 2000, or the first calendar quarter after the day on which the drug was first available, as adjusted for inflation, the rebate amount shall increase by the amount of the difference.".

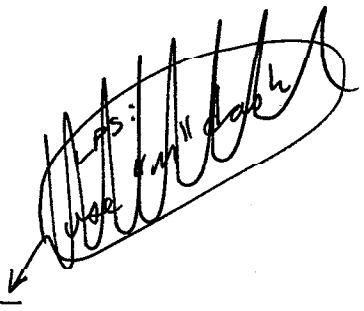
(END)

D-NOTE

# DRAFTER'S NOTE
## FROM THE
## LEGISLATIVE REFERENCE BUREAU

LRBb0385/?dn
DAK:...:...

cjs



Carri—

I have created in this amendment requirements for manufacturers to enter into rebate agreements, an appropriation for receipt of the moneys, and appropriate cross–references to each of the disease aids programs. Do you need any further language concerning the means by which DHFS will know what drugs of which manufacturer were prescribed and paid for under the program?

Debora A. Kennedy
Managing Attorney
Phone: (608) 266–0137
E–mail: debora.kennedy@legis.state.wi.us

# DRAFTER'S NOTE
## FROM THE
## LEGISLATIVE REFERENCE BUREAU

LRBb0385/1dn
DAK:cjs:rs

May 29, 2001

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Debora A. Kennedy
Managing Attorney
Phone: (608) 266–0137
E–mail: debora.kennedy@legis.state.wi.us

## Kennedy, Debora

**From:** Jakel, Carri
**Sent:** Tuesday, May 29, 2001 4:18 PM
**To:** Kennedy, Debora
**Subject:** Public Health Amendments

Again - Sorry for not sending these over before. I guess it shows how often they have used my papers.

Paper #493 Alternative A1 (no change), and B2 - deletes sections 2060, 2061, 2065, 2066, 2070, 2076, 2084, and 2089 (all relate to electronic filing) See -0426

Paper #496 Delete Governor's (section 1838, draft #1707) and Alternative 4 with motion #911(we can talk about this, I am not very familiar but apparently it mirrors federal law with regard to MA rebates, except for it would refer to December 31, 2000 instead of December 1990.)

Thanks

less 15%, plus the current MA dispensing fee. Estimated savings of $336,700 over the biennium would be used to partially offset projected program cost increases.

4. Require DHFS to implement a drug rebate program for the WCDP. Specify that only drugs manufactured by firms that enter into rebate agreements with the state that are based on the MA rebate agreement may be covered under the program. Estimated savings of $923,600 over the biennium would be used to partially offset projected program cost increases.

5. Delete the Governor's recommendations. Instead, provide $278,800 GPR in 2001-02 and $692,500 GPR in 2002-03 to fund projected costs of the program in the 2001-03 biennium.

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|---|---|
| **2001-03 FUNDING** (Change to Bill) | $971,300 |

Prepared by: Carri Jakel

SOON - 2nd edit 6/1

**2001 – 2002 LEGISLATURE**

D-NOTE

LRBb0385/1 2
DAK:cjs:rs
1 WLJ

LFB:.....Jakel (CM) – Disease aids—patient liability for costs

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"**SECTION 712c.** 20.435 (4) (je) of the statutes is created to read:

20.435 **(4)** (je) *Disease aids; drug manufacturer rebates.* All moneys received from rebate payments by manufacturers under s. 49.687 (3), to be used to assist victims of disease, as provided in ss. 49.68, 49.683, and 49.685.".

**2.** Page 842, line 6: after that line insert:

"**SECTION 1837p.** 49.68 (3) (b) of the statutes is amended to read:

49.68 **(3)** (b) ~~The~~ From the appropriation accounts under ss. 20.435 (4) (e) and (je), the state shall pay the cost of medical treatment required as a direct result of chronic renal disease of certified patients from the date of certification, including the

cost of administering recombinant human erythropoietin to appropriate patients, whether the treatment is rendered in an approved facility in the state or in a dialysis or transplantation center which is approved as such by a contiguous state, subject to the conditions specified under par. (d). Approved facilities may include a hospital in–center dialysis unit or a nonhospital dialysis center which is closely affiliated with a home dialysis program supervised by an approved facility. Aid shall also be provided for all reasonable expenses incurred by a potential living–related donor, including evaluation, hospitalization, surgical costs and postoperative follow–up to the extent that these costs are not reimbursable under the federal medicare program or other insurance. In addition, all expenses incurred in the procurement, transportation and preservation of cadaveric donor kidneys shall be covered to the extent that these costs are not otherwise reimbursable. All donor–related costs are chargeable to the recipient and reimbursable under this subsection.

**SECTION 1837q.** 49.683 (2) of the statutes is amended to read:

49.683 **(2)** Approved costs for medical care under sub. (1) shall be paid from the appropriation accounts under s. 20.435 (4) (e) and (je).

**SECTION 1837r.** 49.685 (2) of the statutes is amended to read:

49.685 **(2)** ASSISTANCE PROGRAM. ~~The~~ From the appropriation accounts under s. 20.435 (4) (e) and (je), the department shall establish a program of financial assistance to persons suffering from hemophilia and other related congenital bleeding disorders. The program shall assist such persons to purchase the blood derivatives and supplies necessary for home care. The program shall be administered through the comprehensive hemophilia treatment centers.

**SECTION 1837s.** 49.687 (title) of the statutes is amended to read:

**49.687** (title) **Disease aids; patient ~~financial and liability~~ requirements; rebate agreements.**".

INSERT 3-3

**3.** Page 842, line 12: after "(e)" insert "and (je)".

**4.** Page 842, line 15: after that line insert:

"**SECTION 1838c.** 49.687 (3) of the statutes is created to read:

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(a) That, as a condition of coverage for prescription drugs of a manufacturer under s. 49.68, 49.683, or 49.685, the manufacturer shall make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by persons who meet eligibility criteria under s. 49.68, 49.683, or 49.685, to the state treasurer to be credited to the appropriation under s. 20.435 (4) (je), each calendar quarter or according to a schedule established by the department.

(b) That the amount of the rebate payment shall be determined by a method specified in 42 USC 1396r–8 (c), except that, if the average manufacturer price for a prescription drug exceeds the average manufacturer price of the drug as of December 31, 2000, or the first calendar quarter after the day on which the drug was first available, as adjusted for inflation, the rebate amount shall increase by the amount of the difference.".

**(END)**

D-NOTE

(INSERT 3-3)



#. Page 842, line 13: delete lines 13 to 15 and substitute "department shall revise the sliding scale for patient liability.".

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To Carol Jakel:

¶ This redraft incorporates all of Alternative 4. in Paper #496; the only change it makes is to eliminate the Governor's language from s. 49.687 (2) in the bill.

DAK

# DRAFTER'S NOTE
## FROM THE
## LEGISLATIVE REFERENCE BUREAU

LRBb0385/2dn
DAK:wlj:pg

June 1, 2001

To Carri Jakel:

This redraft incorporates all of Alternative 4. in Paper #496; the only change it makes is to eliminate the governor's language from s. 49.687 (2) in the bill.

Debora A. Kennedy
Managing Attorney
Phone: (608) 266–0137
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## Kennedy, Debora

**From:** Jakel, Carri
**Sent:** Saturday, June 02, 2001 10:57 AM
**To:** Kennedy, Debora
**Subject:** LRB 0385/2 - Disease Aids

On page 3, line 4 - we want to eliminate the Gov's rec, but go back to current law where they review the sliding scale every three years. I am not sure if this draft would do that. I guess because of the subsitution language stopping at "revise the scale for patient liability."

Thanks

Soon - 2nd edit 6/2

# State of Wisconsin
## 2001 - 2002 LEGISLATURE

LRBb0385/~~2~~ 3
DAK:cjs&wlj:~~jg~~

LFB:.....Jakel (CM) – Disease aids—patient liability for costs

FOR 2001–03 BUDGET — NOT READY FOR INTRODUCTION

## LFB AMENDMENT

## TO 2001 SENATE BILL 55 AND 2001 ASSEMBLY BILL 144

At the locations indicated, amend the bill as follows:

**1.** Page 537, line 19: after that line insert:

"**SECTION 712c.** 20.435 (4) (je) of the statutes is created to read:

20.435 **(4)** (je) *Disease aids; drug manufacturer rebates.* All moneys received from rebate payments by manufacturers under s. 49.687 (3), to be used to assist victims of disease, as provided in ss. 49.68, 49.683, and 49.685.".

**2.** Page 842, line 6: after that line insert:

"**SECTION 1837p.** 49.68 (3) (b) of the statutes is amended to read:

49.68 **(3)** (b) ~~The~~ From the appropriation accounts under ss. 20.435 (4) (e) and (je), the state shall pay the cost of medical treatment required as a direct result of chronic renal disease of certified patients from the date of certification, including the

cost of administering recombinant human erythropoietin to appropriate patients, whether the treatment is rendered in an approved facility in the state or in a dialysis or transplantation center which is approved as such by a contiguous state, subject to the conditions specified under par. (d). Approved facilities may include a hospital in–center dialysis unit or a nonhospital dialysis center which is closely affiliated with a home dialysis program supervised by an approved facility. Aid shall also be provided for all reasonable expenses incurred by a potential living–related donor, including evaluation, hospitalization, surgical costs and postoperative follow–up to the extent that these costs are not reimbursable under the federal medicare program or other insurance. In addition, all expenses incurred in the procurement, transportation and preservation of cadaveric donor kidneys shall be covered to the extent that these costs are not otherwise reimbursable. All donor–related costs are chargeable to the recipient and reimbursable under this subsection.

**SECTION 1837q.** 49.683 (2) of the statutes is amended to read:

49.683 **(2)** Approved costs for medical care under sub. (1) shall be paid from the appropriation accounts under s. 20.435 (4) (e) and (je).

**SECTION 1837r.** 49.685 (2) of the statutes is amended to read:

49.685 **(2)** ASSISTANCE PROGRAM. ~~The~~ From the appropriation accounts under s. 20.435 (4) (e) and (je), the department shall establish a program of financial assistance to persons suffering from hemophilia and other related congenital bleeding disorders. The program shall assist such persons to purchase the blood derivatives and supplies necessary for home care. The program shall be administered through the comprehensive hemophilia treatment centers.

**SECTION 1837s.** 49.687 (title) of the statutes is amended to read:

**49.687** (title) **Disease aids; patient ~~financial and liability~~ requirements; rebate agreements.**".

**3.** Page 842, line 12: after "(e)" insert "and (je)".

**4.** Page 842, line 13: delete lines 13 to 15 and substitute "department shall revise the sliding scale for patient liability.". INSERT 3-5

**5.** Page 842, line 15: after that line insert:

"**SECTION 1838c.** 49.687 (3) of the statutes is created to read:

49.687 **(3)** The department or an entity with which the department contracts shall provide to a drug manufacturer that sells drugs for prescribed use in this state documents designed for use by the manufacturer in entering into a rebate agreement with the department or entity that is modeled on the rebate agreement specified under 42 USC 1396r–8. The department or entity may enter into a rebate agreement under this subsection that shall include all of the following as requirements:

(a) That, as a condition of coverage for prescription drugs of a manufacturer under s. 49.68, 49.683, or 49.685, the manufacturer shall make rebate payments for each prescription drug of the manufacturer that is prescribed for and purchased by persons who meet eligibility criteria under s. 49.68, 49.683, or 49.685, to the state treasurer to be credited to the appropriation under s. 20.435 (4) (je), each calendar quarter or according to a schedule established by the department.

(b) That the amount of the rebate payment shall be determined by a method specified in 42 USC 1396r–8 (c), except that, if the average manufacturer price for a prescription drug exceeds the average manufacturer price of the drug as of December 31, 2000, or the first calendar quarter after the day on which the drug was

first available, as adjusted for inflation, the rebate amount shall increase by the amount of the difference.".

**(END)**

INSERT 3-5



by January 1, 1994, and shall, every 2 years thereafter by January 1, review and, if necessary, revise the sliding scale.

LFB:.....Jakel (CM) – Disease aids—patient liability for costs

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